data of tide gauges. The effectiveness of monitoring by the Interim system was proved in deterministically concluding that there was no tsunami threat to the Indian coastline due to the last two high magnitude undersea earthquakes in the tsunamigenic zones of Indian Ocean region. Advisories are generated appropriately and information is transmitted to Ministry of Home Affairs.

(c) A seismic network already exists for monitoring earthquake in tsunamigenic zones. The system is being upgraded to monitor and transmit real time data to the proposed Tsunami Early warning System at Indian National Centre for Ocean Information Services (INCOIS), Hyderabad.

Inadequate processing and cold storage facilities

1334 SHRI SANJAY RAUT: Will the Minister of FOOD PROCESSING INDUSTRIES be pleased to state:

(a) whether it is a fact that the country wastes roughly $ 13 billion worth of farm products, including dairy items annually because of inadequate processing and cold storages facilities;

(b) if so, Government's response thereto;

(c) whether some major players in the retail sector have made any requests like abolition of Agricultural Produce Marketing Commission Act to speed up growth in food processing industry;

(d) if so, the details thereof and Government's reaction thereto; and

(e) the steps taken or proposed to be taken for reducing the distance between production and processing of food in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FOOD PROCESSING INDUSTRIES (SHRI SUBODH KANT SAHAY): (a) to (e) According to the report of M/s Rabo India Finance Pvt. Ltd., wastage of agricultural food items is estimated to be about Rs. 58,000 crores occurring at various stages of handling after harvesting due to fragmented farming, provisions in Agricultural Produce Marketing (Development & Regulation) Act, lack of adequate post-harvest infrastructure such as lack of cold chain facilities, transportation, proper storage facilities, etc. The loss due to wastages could be reduced by a developed food processing industry, strengthening of the post-harvest infrastructure and filling the gaps in the supply chain.

A Vision 2015 on Food Processing Industries has been finalized by the Ministry of Food Processing Industries, which envisages, *inter-alia,* cluster based and demand driven farming, achieving integration of food processing infrastructure from farm to market, promoting a dynamic food processing industry which could result in trebling the size of the processed food sector by increasing the level of processing of perishables from 6% to 20%, value addition from 20% to 35% and share in global food trade from 1.5% to 3% by 2015. Under the Vision 2015, the thrust areas identified for strategic intervention are establishing Mega Food Parks, Modernization of abattoirs, Cold-chain/value addition and preservation infrastructure, capacity building by setting up of National Institute of Food Technology, Entrepreneurship & Management (NIFTEM), enacting Food Safety and Standards Act, 2006, upgrading safety and quality of street food and establishment/upgradation of Quality Control Laboratories. Government has identified strategies along with a detailed action plan in this regard to realize the Vision 2015. An estimated investment of Rs. 100,000 crores is required to achieve the Vision 2015.

Government has formulated and implemented several Plan Schemes to provide financial assistance for the establishment and modernization of food processing units, creation of infrastructure, support for R&D, human resource development besides other promotional measures to encourage development of food processing industries. In order to give boost to growth of FPI sector the Government has allowed in 2004-05, under Income Tax Act, a deduction of 100% of profit for five years and 25% of profits for the next five years in case of new agro processing industries set up to process, preserve and package fruits and vegetables. Excise duty of 16% on dairy machinery has been fully waived for promotion of dairy processing industries. Excise duty on meat, poultry and fish products has been reduced from 16% to 8%. Excise duty on food grade hexane used in edible oil industry has been reduced from 32% to 16%. In the Budget of 2005-06 excise duty of Rs. 1.00 per kg. on refined edible oil and Rs.1.25 per kg on vanaspati was abolished. Customs duty on refrigerated vans was reduced from 20% to 10%. In the Budget of 2006-07, custom duty on packaging machines has been reduced from 15 per cent to 5 per cent, excise duty on condensed milk, ice cream, preparations of meat, fish and poultry, pectins, pasta and yeast has been fully exempted, excise duty on ready-to-eat packaged foods and instant food mixes, like dosa and idli mixes has been reduced from 16 per cent to 8 per cent, excise duty on aerated drinks has been

reduced from 24 per cent to 16 per cent and excise duty on packaging paper has been reduced from 16 per cent to 12 per cent. Taxation has been lowered with a view to encourage the growth of Food Processing Industries. In Union Budget 2007-08, it has been proposed to reduce Excise Duty on Biscuits (with retail price not exceeding Rs. 50/kg) and all types of food mixes including instant mixes to 0% from 8%. Customs Duty on Food Processing Machinery has been reduced from 7.5% to 5%. These measures are designed *inter alia* to promote and link processing with production.

According to a World Bank report, the existing Agricultural Produce Marketing (Development & Regulation) Act, restricts the farmers' choice in selling their produce at the regulated markets limiting other marketing channels that could offer better returns to farmers. In some cases, ban on direct sale to processors and other bulk buyers leads to higher transaction cost. The Act also hinders greater private sector involvement in the construction and operation of wholesale markets in many States. On the basis of the suggested Model Act, various State Governments have initiated reforms in the agricultural marketing sector by suitably amending the respective State level Acts. The major reforms sought to be introduced include, *inter-alia,*

(i) enabling legal persons, growers and local authorities to establish new markets in any area,

(ii) removing the restriction on the growers to sell their produce only through existing regulated markets,

(iii) establishment of Direct Purchase Centres and Consumers'/ Farmers' Markets for direct sale,

(iv) providing a separate provision for establishment of special markets for commodities like onions, fruits, vegetables, flowers etc., and

(v) introducing an institutional support mechanism to contract farming arrangements.

The reforms would encourage a marketing regime, where there is fair competition, so that the farmers can gain from the options available and take their produce to the centres that offer the best prices and services. The contract farming arrangements will provide an effective method of linking small farm sector to agro-processing industry and to sources for extension advice, seeds, credit card to assured and profitable markets.